4/10/84
B-5350-2A

The Manufacturers Hanover
Financial Digest
Weekly Commentary, Selected Financial Data, and Business Indicators

MONDAY, APRIL 9, 1984 VOLUME XXI, NUMBER 14

New York State's Recovery . . .

Buoyed by the national resurgence in business activity, New York State's economy staged a rebound in 1983. Although the shakeout in manufacturing employment continued during 1983, strong employment gains in such service-oriented sectors as trade, finance, insurance, real estate and personal services more than offset the loss in factory jobs. The state gained about 31,000 nonfarm jobs during 1983, recouping most of the 33,000 such jobs lost during the year earlier. For manufacturing industries, however, 1983 marked the fourth consecutive year of decline in employment. The state has lost more than 193,500 factory jobs since 1979, almost 104,000 of them in durable manufacturing industries. Thus, the transition toward a service-based economy in New York State is clearly continuing and the workplace is increasingly being dominated by white-collar positions.

New York City highlights this shift. The 19,000 manufacturing jobs lost in 1983 were more than offset by a gain of 8,000 jobs in finance, 7,000 in retailing and 17,000 in services. Today, the finance, insurance and real estate sectors employ more people than all of the City's manufacturing industries. One in every seven jobs in New York City is now derived from these activities, in sharp contrast with the one in 16 employed in these sectors nationally.

The City's economy was also aided by continued strength in office construction. More new office construction was begun in 1983—some 7.5 million square feet—than in any year since 1970. At the end of 1983, 19 new office buildings containing nearly 12 million square feet of rentable space were under construction. Many are already committed or fully leased, minimizing the threat of a glut of office space. Manhattan's current office vacancy rate, for example, is about half the comparable national rate of 12.4 percent. In 1983, the City hosted a record 17.1 million visitors—2.4 million of them from abroad. They helped boost sales by City retailers from $24.9 billion in 1982 to $26.8 billion in 1983—a gain of eight percent. In 1982, retail sales fell by three percent.

. . . Is Led By Downstate . . .

Manhattan's prosperity is gradually spreading to the outer boroughs. Construction of a 100-acre teleport for satellite antennas and electronic information management is underway on Staten Island. The Navy has also selected Staten Island as the home port for one of its surface action groups. The Port Authority plans to invest $128 million in Hunters Point, Queens, to rejuvenate the decaying Queens waterfront. It is hoped that this project will lure $500 million in private investment to the area. The City Administration also hopes to spur economic development in the outer boroughs by increasing tax exemptions for new investment in commercial or industrial activity in these areas.

The City's suburbs did even better during 1983. Nassau, Suffolk, Westchester, Rockland and Putnam counties gained almost 38,000 jobs during the year, with Nassau and Suffolk counties alone generating 28,000 new jobs. Employment on Long Island set a new record, rising to the million mark for the first time. Employment gains were particularly healthy in services, wholesale and retail trade, but each of the major private sector industries of the Nassau-Suffolk economy posted increases as well. Thus, the downstate suburbs accounted for almost all of the new job growth statewide. Their December unemployment rates were well below the statewide average of 7.0 percent (not seasonally adjusted). Between December, 1982 and December, 1983, jobless rates declined from 6.1 to 5.0 percent in Nassau-Suffolk, from 5.4 to 4.4 percent in Westchester, from 5.6 to 4.8 percent in Rockland and from 5.4 to 4.8 percent in Putnam.

The improved inflation picture also helped to boost suburban consumers' buying power. While consumer price inflation in the New York City region slowed to 4.7 percent in the past year, prices of energy rose even more slowly—affecting favorably the cost of home heating and private transportation, both of which loom large in suburban budgets. Retail sales increased almost 11 percent in the City's suburbs in 1983 over year-ago levels, after rising only six percent in 1982.

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. . . While Upstate Remains Flat

Although unemployment rates also edged lower during 1983 in the upstate labor markets, the economy of central and western New York State can best be described as flat. Defections from the labor force rather than any significant increase in the number of jobs were responsible for the lower rates. This was particularly true in western New York State where job losses were relatively severe.

Western New York State encompasses the Buffalo and Rochester labor markets. Together, these areas lost more than 21,000 jobs last year in the manufacturing sector alone. Total nonfarm job losses amounted to about 14,000 in 1983, less than the loss of 20,000 such jobs experienced in 1982 largely because Buffalo and Rochester were able to generate 9,000 new jobs in retailing and services during 1983. Rochester's manufacturing sector contracted by 12,000 jobs in 1983, while the Buffalo area lost more than 9,000 factory jobs.

On a brighter note, however, there were scattered employment increases in autos and food manufacturing in the Buffalo area. The area's jobless rate dipped below the double-digit level in December, 1983—the first time in more than two years. It peaked at 15.2 percent in November, 1982—the highest jobless rate in the state and one of the highest in the nation. Moreover, in the last year, the

Selected Federal Reserve Data

(Averages of Daily Figures—Billions of Dollars)

	Week Ending	$ Change Since Week Ago	$ Change Since Year Ago
Reserve Bank Credit	4/4/84		
U.S. Gov'ts and Agencies Owned Outright & RPs	159.000	+ .682	+13.689
Loans to Depository Inst.	1.114	– .081	– .648
Float	.707	+ .226	– .854
Total Reserve Bank Credit	169.737	+ .831	+12.023
Treasury Deposits with Federal Reserve Banks	3.754	– .604	– .107
Currency in Circulation	169.026	+ .763	+12.920
Gov'ts held for Foreign Acct. by F.R. Banks (End-of-Week)	114.928	– 2.637	+ 5.478
	3/28/84		
Member Bank Reserves:			
Total Reserves Held	35.343	– .374	– 1.124
Excess (Deficiency)	.771	+ .041	+ .307
Net Borrowed Reserves	.234	+ .232	+ .168
		% Change Since Three Months Ago*	% Change Since Year Ago
Monetary Aggregates†			
M1 (3/26/84)	538.3	+ 8.1	+ 7.7
M2 (February '84)	2,222.0	+ 7.3	+ 8.2
M3 (February '84)	2,743.2	+ 8.1	+ 9.0
Domestic Nonfinancial Debt (4th Q'83)	5,219.0	+ 10.6	+ 10.8

†Seasonally adjusted. * Seasonally adjusted annual rate.

New York Money Market

Offering Rates 4/6/84	3 Months	6 Months	1 Year
‡U.S. Treasury Bills	9.76%	9.94%	10.00%
* Federal Agencies	10.04	10.72	11.20
* Project Notes—Taxfree (46% Taxable Equivalent)	10.00	10.37	11.30
Negotiable Time CDs Manufacturers Hanover	Rates By Arrangement		
* Secondary Market—Prime	10.40	10.67	11.38

‡Finance Company Paper—Prime		‡* Bankers' Acceptances	
5- 14 days	10.25%	May	10.20%
15- 29 days	10.25	Jun.	10.20
30- 59 days	10.25	Jul.	10.20
60- 89 days	10.15	Aug.	10.25
90-179 days	10.10	Sep.	10.25
180-239 days	9.63	Oct.	10.25
240-270 days	9.63		

‡Industrial Paper—Prime			
30- 89 days	10.25%	†Federal Funds Effective Rate	10.47%
90-120 days	10.20		

‡Discount basis. * Subject to availability. † Estimated.

Selected Business Indicators

(All Dollar Figures in Billions)

	Latest Period or End of Period		Previous Period	Year Ago Period
Gross National Product (Current Dollars)*	4th Q'83	$ 3,436	$ 3,362	$ 3,110
Gross National Product (1972 Dollars)*	4th Q'83	$ 1,573	$ 1,553	$ 1,481
Percent Change, Annual Rate	4th Q'83	5.0	7.6	– 1.3
Change in Consumer Prices (new series)*	Feb '84	4.8%	7.2%	– 1.2%
Change in Producer Prices*	Feb '84	4.8%	7.2%	1.2%
Civilian Employment (Thousands of Persons)†	Mar '84n	104,140	103,892	99,316
Unemployment as % of Civilian Labor Force†	Mar '84n	7.8%	7.8%	10.3%
Personal Income*	Feb '84	$ 2,923	$ 2,902	$ 2,651
Leading Indicators Composite Index (1967=100)†	Feb '84	165.9	164.8	147.4
Industrial Production Index (1967=100) †	Feb '84	159.9	158.0	138.1
Net Change in Consumer Installment Credit †	Jan '84	$ 4.34	$ 6.61	$ 2.73
U.S. Merchandise Trade Balance †	Feb '84	–$ 10.09	–$ 9.47	–$ 3.37
Plant and Equipment Expenditures*	2nd Q'84	$335.40(a)	$332.66(a)	$293.46
Private Housing Starts (Thousands of Units)*	Feb '84	2,197	1,976	1,706
New Construction Expenditures*	Feb '84n	$ 295.0	$ 276.0r	$ 243.0
Total Business Inventories †	Jan '84	$ 522.7	$ 520.7	$ 507.6
Total Business Sales †	Jan '84	$ 402.0	$ 396.7	$ 345.3

*Seasonally adjusted annual rate. †Seasonally adjusted. n-Newly reported figure. r-Revised. a-Anticipated.

average workweek of factory employees in the Buffalo area edged up from 40 hours to 42, suggesting that firms may soon begin to hire additional workers. The severe recession put a dent in the inflation rate in the Buffalo area. In 1983, consumer prices increased only 3.7 percent, the smallest increase in 12 years.

Central New York State, which includes the Albany, Binghamton, Syracuse and Utica-Rome labor markets, fared better than western New York State in 1983. Collectively, these labor markets gained about 3,000 nonfarm jobs in 1983. By contrast, in 1982 these areas lost almost 5,000 such jobs. Here, losses in manufacturing, wholesale trade and government were also offset by gains in retail trade, finance and services.

The Poughkeepsie metropolitan area, which encompasses Dutchess County, is the dominant labor market within the Hudson Valley. It remains an island of prosperity in an otherwise flat upstate economy. Its nonfarm employment expanded by about 2,000 jobs in 1983. However, manufacturing employment, which accounts for approximately one-third of its 106,000 employment base, declined one percent in 1983, after posting strong gains both in 1981 and 1982. Poughkeepsie's December, 1983 unemployment rate, 5.0 percent, was among the lowest in the state. H

Short Term Paper Outstanding

(Millions of Dollars)

	Latest Week	Change Since Week Ago	Change Since Year Ago
Time Deposits of $100,000 or more Weekly Reporting Banks			
Nationwide (3/21/84)	142,132	– 294	–16,488
New York City (3/28/84)	29,186	+ 3	– 9,223
Commercial Paper (3/28/84)	198,940	+ 1,515	+31,268

Bank Loans

(Millions of Dollars)

Commercial and Industrial Loans

Weekly Reporting Large Commercial Banks	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (3/21/84)	231,066	+ 2,641	NA*
New York City (3/28/84)	60,614	– 204	NA*

Total Loans and Leases Gross Adjusted

	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (3/21/84)	586,394	+ 2,819	NA*
New York City (3/28/84)	131,948	– 335	NA*

*Year ago data not available due to definitional changes.

Financial Markets

	Friday 4/6/84	Change Since Week Ago	Change Since Year Ago
U.S. Governments, Closing Yields:			
90-Day Bills†	9.66%	– .30	+ 1.06
180-Day Bills†	9.78	– .61	+ .98
Longest Bills†	9.81	– .85	+ .77
Recent Issues:			
11 1/2s 3/31/86	11.68	+ .13	
12s 3/31/88	12.22	+ .15	
11 3/4s 11/15/93	12.62	+ .18	
12s 8/15/13	12.64	+ .12	
Municipals:			
Bond Buyer–20 Bond Index* (4/5/84)	10.04%	+ .11	+ .81
Blue List Total ($ Million)	$1,592	+ $ 77	+ $ 327
30-Day Visible Supply ($ Million)	$2,265	+ $167	– $1,331
Total	$3,857	+ $244	– $1,004
Corporates:			
Moody's Aa Composite (4/5/84)	13.46%	+ .16	+ 1.32
30-Day Visible Supply ($ Million)	$1,625	– $ 15	+ $ 880
Stocks:			
Dow-Jones Averages:			
Industrials	1,132.22	– 32.67	+ 7.51
Transportation	484.16	– 26.03	– 25.21
Utilities	125.43	– 1.40	+ 1.12
65 Stocks	442.16	– 14.49	– 3.14
Standard and Poor's 500 Stocks	155.48	– 3.70	+ 2.63
N.Y.S.E. Composite Index	89.48	– 2.19	+ 1.61
N.Y.S.E. Avg. Daily Vol. for Week (000's)	91,090	+10,190	+ 19,614

* 46% Taxable equivalent 18.59%.

† Bond equivalent.

International Rates

	Friday 4/6/84	Week Ago
EURODOLLAR DEPOSIT RATES (bid)		
Overnight	10.44%	10.31%
1 month	10.63	10.38
3 month	10.88	10.63
6 month	11.13	10.94
1 year	11.63	11.44
EURODOLLAR BONDS Average Yield		
Medium Term (5 to 7 yrs.)	12.35%	12.25%
Long Term (7 to 15 yrs.)	12.60	12.45

FOREIGN EXCHANGE SPOT RATES

New York Opening (4/6/84)	U.S. $ Equivalent	Currency Per U.S. $
Belgium	.01859	53.78
Canada	.7803	1.2816
Denmark	.1035	9.6650
France	.1236	8.0875
Germany	.3803	2.6297
Italy	.0006141	1628.50
Japan	.004430	225.75
Mexico	.005666	176.50
Netherlands	.3371	2.9665
Switzerland	.4589	2.1796
U.K.	1.4232	.7026

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